

**Minutes of the  
Free Market Protection and Privatization Board**

Thursday, June 11, 2015 - 2:00 p.m.

Room 30, House Building

State Capitol Complex

**Members present:**

Sen. Howard Stephenson, Sen. Karen Mayne, Tom Bielen, Randy Park, Bob Myrick, Russell Anderson, Rick Jones, Jacquie Nielsen, LeGrand Bitter

**Members absent:**

Kimberley Jones, Rep. Johnny Anderson, Rep. Justin Miller, Travis Dimick, Manuel Torres, Al Manbeian, Steve Fairbanks, Louenda Downs

**Staff present:**

Cliff Strachan, Governor's Office of Management and Budget (GOMB)

Note: Additional information including related materials provided at the meeting and an audio recording of the meeting can be found at the Utah Public Meeting Notice Website (<http://www.utah.gov/pmn>). Information about the Privatization Board can be found at <http://gomb.utah.gov/operational-excellence/privatization-board/>.

**1. Welcome and Introductions**

Bob Myrick chaired the meeting. He acknowledged Tom Bielen who was attending his final meeting and Louenda Downs whose term on the board ends this month.

Kim Jones, Rep. Anderson, Rep. Miller, Travis Dimick, Manuel Torres, Al Manbeian, and Louenda Downs were excused.

**2. Public Comment (10 minutes)**

**3. Board Business/Minutes**

**a. Minutes from May 14, 2015**

*Motion:* Russ Anderson moved to approve the minutes of the May 14, 2015 meeting. CARRIED

**4. Commercial Activities Inventory (CAI)**

**a. Department of Alcoholic Beverage Control (DABC)**

At the last meeting, further discussion of this item was tabled pending request by a board member to address it. Sen. Mayne moved to address it but a quorum was not yet present. When a quorum was later present, the following motion was made:

*Motion:* Sen. Mayne moved to revisit DABC at a future meeting. CARRIED

The matter will be brought back in August or September when DABC representatives can attend.

**5. Review Privatization of an Activity**

**a. Department of Transportation (UDOT) - maintenance**

Mr. Strachan shared with the board Tier 1 and Tier 2 survey results on sweeping, mowing, and striping activities. He noted that UDOT was doing an analysis to determine the feasibility of contracting for these services either on a regional or subregional basis. The survey results show scores on the borderline of a recommendation to outsource even without the expectation of layoffs.

Randy Park noted that there is no intention to lay employees off as UDOT prefers to have the employees do other needed maintenance activities.

Staff's goal is to wrap this analysis up by September.

**6. Review Issues Concerning Agency Competition with the Private Sector**

**a. USOE - Cosmetology Programs**

Referencing last month's presentation by Rep. Kim Coleman and Natalie Parkin, USOE and Granite School District were invited to present today. Thalea Longhurst, Career and Technical Education (CTE) Director at the State Office of Education (USOE) and James Taylor, CTE Director at Granite School District, presented.

Ms. Longhurst spoke on the range of CTE programs, including Cosmetology. She noted that four LEAs have had cosmetology programs but now only three do: Granite, Canyons, and Tooele School Districts. Referencing the Legislative Auditor General's 2011 report she notes that enrollment has declined but the programs have value in that they often attract at risk students giving them a reason to stay in school. The goal is to allow students to explore possible vocations and then graduate high school.

Mr. Taylor gave a history of the cosmetology program in Granite School District (GSD) since 1999. The program is now run from the Granite Technical Institute. He noted only a half dozen or so students finish the full program. He talked about students' transition from the public school program to private programs, noting very few go all the way to certification. The Esthetician program is now standalone but has always been part of the cosmetology program. The carve out was to enable students to get more of the 600 hours required for esthetician certification. He stated that there are 29 students enrolled for next year and the number is so small it should not concern private schools. He also noted that the program partners with private school operators to present in the classroom.

In discussion with presenters, board members were told:

- private sector schools are concerned when student enter those programs with too many public school hours.
- GSD, Salt Lake Community College (SLCC), and five other LEAs review CTE programs together to see if their programs are accomplishing what they intend to accomplish: i.e., does the CTE pathway have high demand and does the pathway lead to good jobs.
- USOE is conducting a "refocussing" effort on CTE programs this summer.
- GSD would consider RFPs for their programs provided it can address concerns over costs.
- GSD's cosmetology exposure course is offered at a ninth grade level; concurrent enrollment

students cannot earn credits until after their sophomore year.

- USOE reported that 223 students enrolled in cosmetology programs last year and 104 students completed the full CTE program; noted also that concurrent enrollment completers graduate at a higher rate than non CTE students; GSD reported their rate is 17 percent higher.

Sen. Stephenson suggested the board look at Granite's and USOE's CTE rubrics as a means of evaluation.

Rep. Kim Coleman and Natalie Parkin, Skinworks, updated the board on their conversations since last month's presentation. Granite and Jordan (JSD) School Districts are willing to look at some form of private public partnerships. JSD is opening a new program in Riverton and can give it a fresh look. Ms. Parkin commented on enrollment, noting that while 29 students in GSD seems low, her company Skinworks has 15 students and employs 10 people. She said completion numbers matter for licensed private schools. Rep. Coleman also suggested that the measure for CTE programs should be the percentage of people who complete and the percentage of people who get jobs.

*Motion:* Tom Bielen moved that this matter be referred to the board's Competition Review Advisory Committee with direction to bring its recommendation(s) to the board. CARRIED

**b. American Council of Engineering Companies of Utah - engineering services**

Mr. Strachan noted he had received a letter from Michael Smith, Executive Director of the American Council of Engineering Companies of Utah and a list of examples. He complains that some state agencies (specific divisions of the Department of Natural Resources (DNR) were named) are engaging in engineering services for third parties that private engineers should be doing.

Craig Peterson represented ACEC-Utah at this meeting. He stressed they are keeping a watchful eye on engineering activities and are working with DNR to resolve specific complaints. He sees smaller communities or other agencies getting services for free that could be done by the private sector. He doesn't want state agencies preempting RFPs in the private sector.

Mike Styler, Executive Director at DNR talked about the agency's reliance on private engineers noting contracts are up 30 percent. DNR policy is that it does not respond to outside RFPs.

When asked about getting engineering students real world experience, Mr. Peterson noted that private firms should and do provide internships but doesn't support using students as free labor.

Bill Loughlin, a private hydrologist on the Utah Geological Survey (UGS) Board said he raised concerns last fall and indicated that UGS made policy changes in January that satisfied his complaint.

Mr. Peterson summarized that ACEC-Utah wanted to make the board aware and will continue to work with DNR to identify any further policy changes, ideas, etc. which he may refer to the board at a later date.

**7. Other Business/Adjourn**

*Motion:* Tom Bielen moved to adjourn. CARRIED

Next Scheduled Board meeting:

- Thursday, August 13, 2015 at 2 pm in Room 30 House Building